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WASHINGTON STATE
GAMBLING COMMISSION

Focus n Gambling

Strategic Plan Will Mean Faster Service

By: Patrick Griffie, Special Agent Tribal Gaming Unit/Strategic Planning Team Member

The Gambling Commission's Strategic Planning Team, along with our Agency Leadership Team, has been working hard to put together a plan to make the agency as efficient and effective as possible. The plan is nearing completion and will be presented to the Commissioners at their August 14, 2003, meeting. *The draft Plan is posted on our website's homepage for your review.* The plan includes several projects licensees and other stakeholders can get excited about.

As part of our goal to "Pursue improvements and innovations in agency processes," our Licensing Services Division plans to accept digitally imaged fingerprints. This will reduce fingerprint submission turnaround time from 30 days to as little as 24 hours.

Licensing Services is also planning for a new licensing computer database, and hopefully a digital imaging system, which will speedup a variety of licensing transactions by two to five days.

Those who do business with the Commission on a regular basis will be glad to know another goal is to "Conduct business as simply as possible". Improvements under this goal include accepting license applications, renewal applications and Quarterly Activity Reports on-line, and processing refunds on-line. In the compliance arena, our goal is to "Maintain a regulatory environment that promotes compliance".

An overall "Rules simplification" is planned with an eye toward readable rules and eliminating unnecessary rules. Updated rules training is planned for licensees, including a Card Room Employee video, and more on-line rules resources. "We are looking forward to better serving our stakeholders through this plan", stated Special Agent Shanna Lingel, Strategic Planning Team Chairperson. Strategic planning is a process wherein an organization commits to

(Continued on page 16)



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George Orr
Judge Janice Niemi (Ret.)

Ex-Officio Members:

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Senator Shirley Winsley
Representative Alex Wood
Representative Cheryl Pflug

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Agent in Charge Paul Swartz

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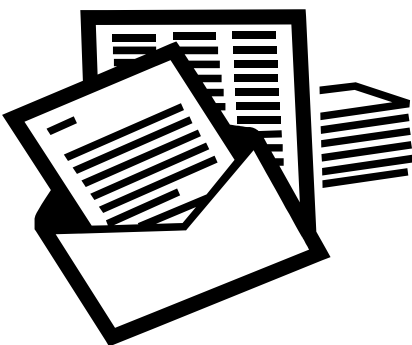
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WorkFirst Payment Vouchers “A Job, A Better Job, A Better Life”

By: Jamie Beasley, Licensing Technician,
Licensing Services Division

Licensing Services staff receive many calls about the WorkFirst Program. This Program is sponsored by Washington State Employment Security and Department of Social & Health Services (DSHS). WorkFirst assists *qualified* card room employees (CRE) that receive assistance through WorkFirst by reimbursing the initial CRE license fee. Here is what you need to know if you use WorkFirst vouchers.

In order for the WorkFirst program to pay the initial gambling license fee, the WorkFirst representative from Employment Security or DSHS must first contact the card room the WorkFirst participant is applying to work at. The card room must then pay the initial license fee.

WorkFirst will reimburse a card room after the participant's gambling application has been approved.

Our Licensing Division cannot begin to process an application until we receive the licensing fee and a complete application. After the application and fee are sent to the Gambling Commission, the card room should contact WorkFirst directly for reimbursement. Furthermore, all CRE applicants, including WorkFirst participants, must wait ten days from the postmark date of the check and gambling application before beginning to work at a card room.

If you have any questions, please contact Dennis Beatty, Employment Security WorkFirst representative, at (360) 438-4130, or e-mail dbeatty@esd.wa.gov or Dawn Warren, Gambling Commission Licensing Supervisor, at (360) 486-3546, (800) 345-2529 extension 3546, or e-mail dawnw@wsgc.wa.gov.

Late Activity Reports

The following licensees failed to submit their quarterly reports when due for third quarter of 2002. They have now submitted their reports and paid a fine based on the number of late reports in the preceding one-year period.

Licensee/Location	Fine
Highliner Pub, Seattle	\$300
Sea Galley, Kennewick	\$300

Schedule of Fines

First Offense	\$300
Second Offense	\$500
Third Offense	Administrative Charges to revoke gambling license
Additional offenses may lead to loss of license	

Administrative Charges were issued against the following licensees for failing to submit their Quarterly Activity Reports when due for third quarter of 2002.

Licensee/Location

Cookie's Clubhouse, Bremerton
Richie D's, Mountlake Terrace
North City Tavern, Shoreline

Each licensee agreed to a fifteen-day suspension. Five days of the suspension were deferred for two years. The remaining ten days were vacated by payment of a \$500 fine and reimbursement of the Commission's costs of \$240.

Meet Our Staff: New Nonprofit Coordinator

Brian Lane was promoted to the Nonprofit Coordinator position in April 2003. He will be responsible for issues relating primarily to bingo, raffles, and fund-raising events.

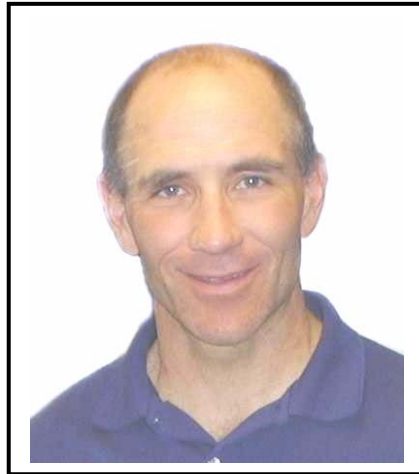
This includes approving bingo schemes, raffle discount schemes, joint raffle agreements, and alternate drawing formats for raffles.

Brian will also be working with charitable/nonprofit organizations and commission staff to develop and implement new procedures and rules in a continuing effort to efficiently and effectively regulate charitable and nonprofit gambling activities.

Brian graduated from Central Washington University with a degree in business finance. Prior to joining the Gambling Commission, Brian worked five years as an internal auditor for Boeing.

Brian began working with the Gambling Commission in January 1994, as a Special Agent in our Tacoma Field Office. He transferred to our Eastern Region and is currently working out of our Wenatchee Field Office.

Brian completed the Basic Law Enforcement Academy in April 1995 and was certified as the agency defensive tactics instructor in 1996. Brian was heavily involved in the Card Room Enhancement Program during the testing phase.



Brian goals for the position are to:

- * Maintain consistent and fair regulation of charitable/nonprofit gambling activities.
- * Maintain and update inspection programs, training material, policy, and rules relating to charitable/nonprofit gambling activities.
- * Promote open lines of communication between staff and licensees.
- * Promptly address concerns and issues relating to charitable and nonprofit gambling activities.
- * Ensure gambling is conducted in a legal and honest manner.

Brian is looking forward to working with charitable and nonprofit organizations.

**We're on the Web
at wsgc.wa.gov**

2003 Legislative Session

The 2003 Legislative Session adjourned on June 11, 2003.

Although several bills were discussed that would have allowed machine gambling, none of these passed. However, they may be reconsidered in the 2004 Legislative Session.

A gambling Task Force was established in the state budget signed by Governor Locke on June 26, 2003. The Task Force will examine possible ways to enhance state revenue from gaming. The Task Force will be supported by the Lottery Commission and will be made up of one member from each of the four legislative caucuses, the executive directors of the Gambling and Lottery Commissions and the Governor's designee. The Task Force will report to the House Appropriations Committee in January 2004.

If you have general questions about any gambling bills, please call Ed Fleisher, Legislative Liaison, at (800) 345-2529, ext. 3449, or Amy Patjens at ext. 3463.

If you have specific comments you want the legislature to consider, please contact your local senator or representative directly.



**WSGC Mission Statement:
Protect the public by ensuring that gambling is legal and honest.**

2003 Commission Meeting Schedule

July **No Meeting!**

August 14th & 15th

The Heathman Lodge
7801 NE Greenwood Drive, Vancouver, WA 98662
(360) 254-3100

September 11th & 12th

Best Western Icicle Inn
505 Highway 2, Leavenworth, WA 98826
(509) 548-7000

October 9th & 10

Double Tree Hotel - Spokane City Center
322 N Spokane Falls Court, Spokane, WA 99201
(509) 744-2310

November 13th & 14th

DoubleTree Guest Suites Southcenter
16500 Southcenter Parkway, Seattle, WA 98199
(206) 575-8220

December **No Meeting!**



Commission Meeting Agendas

Approximately two weeks prior to each Commission meeting, the meeting agenda is posted on our website at www.wsgc.wa.gov/Public_Meetings. Some of the documents linked to the agenda include:

- Study Session agenda;
- List of licenses up for approval;
- Reviews (nonprofit qualification, manufacturer, financier, etc.)
- Text of proposed rule changes; and
- Explanations of each proposed rule change.

For your convenience, we have created an e-mail list to notify you that the meeting agenda is posted on the website. This way, you won't need to check the website to see if the agenda has been posted yet. If you would like to be included on the e-mail notification list, please e-mail Rob Wronski at robertw@wsgc.wa.gov, or call him at (360) 486-3471, or (800) 345-2529, ext. 3471.

What's a Study Session?

Study Sessions are held the Thursday of each Commission meeting. Study Session agendas are linked to Thursday's Commission meeting agenda, which is posted on our website under Public Meetings. Study Sessions provide an opportunity for staff and stakeholders to get together and discuss current issues, such as legislative bills and proposed rule changes. For your convenience, proposed rule changes are linked to the Study Session Agenda so you may review them prior to the meeting. These meetings are also an opportunity for licensees and the public to raise other questions and concerns they may have.

Licensees and the public are encouraged to attend.

August 14, 2003, Study Session Agenda

10:00 a.m. to 11:00 a.m.: Charitable and Nonprofit Operators

- 1) Promotions for Gambling Activities
- 2) Adjusted Cash Flow – Alternatives to the Petition/Variance Process
- 3) Requiring license renewals to be submitted 30 days prior to the expiration date and charging a fee for late submissions

11:00 a.m. to noon: Commercial Operators

- 1) Promotions for Gambling Activities
- 2) Requiring license renewals to be submitted 30 days prior to the expiration date and charging a fee for late submissions
- 3) Requiring surveillance installers to be licensed by the Gambling Commission

Rule Changes Adopted at the May Meeting

These rules are on pages 9 to 15. Remove them from the newsletter and place them in your rules manual.

Petition-Variance removed from Adjusted Cash Flow Process: Bingo operators are no longer able to petition the Commission for a variance if they fail to return the required minimum gambling proceeds to their stated purpose. Now, administrative charges revoking the gambling license will be issued. The licensee will have the right to a hearing before an Administrative Law Judge and appeal rights to the Commission. **This change became effective June 30, 2003, under Administrative Order #419.**

Two Petitions for Rule Change were discussed at the May Commission meeting. Both petitioners submitted alternatives to repealing the Adjusted Cash Flow Petition-Variance Process. The Commission denied both Petitions because the proposals would have made the petition-variance process even more complicated and cumbersome. Based on the many comments made at the meeting, the Commissioners asked staff to continue to monitor cash flow compliance. Staff will report on this at the August Commission meeting.

Financial Reporting by Licensees: Requires contributions of cash, assets and draws from lines of credit to be reported. The loan-contribution amount to be reported was increased from \$2,000 to \$10,000. **This change became effective July 1, 2003, under Administrative Order #420.**

Gambling Equipment Review: This rules package sets guidelines for reviewing gambling related equipment. **These rules became effective July 1, 2003, under Administrative Order #421.**

Card Room Rules Filed at the June Meeting

These rule changess will be discussed further at the August 15th meeting. We anticipate they will be adopted at the September 12th meeting to become effective Jan. 1, 2004. Proposed rule text and a more detailed description of the changes are posted on our website under Public Meetings, June 13, 2003, Commission meeting agenda.

230-40-833: Requires house-banked card rooms to maintain a minimum bankroll to cover all advertised prizes and chips that are in play.

230-08-010: Clarifies that general accounting records for house-banked card games must follow this rule.

230-12-340: Commission rules prohibit the purchase or sale of gambling equipment and supplies on credit. This rule allows expensive gambling equipment (bingo ball blowers, pull-tab dispensing machines, etc.) to be sold on credit. This amendment clarifies that only certain equipment may be purchased on credit and disposable items such as cards and chips need to be paid for in cash. *There was much discussion at the June meeting. This rule may be removed from the agenda at the August meeting so staff can review the agency's philosophy behind restricting credit.*

230-40-125: In 2000, the Commission "grand-fathered" the three card rooms that offered Washington Blackjack to continue operating the game. This rule is up for repeal, because the card rooms no longer operate the game.

230-40-010: Removes reference to Washington Blackjack, which is up for repeal.

230-40-805: Clarifies that funds must remain in a jackpot unless they have been spent to purchase merchandise prizes for the game. This ensures winners receive the full amount of jackpot prizes.

230-40-821: Clarifies record retention requirements.

230-40-040: Allows games, in addition to Pai Gow Poker, to collect a commission.



Elimination of Phase II Reviews

Staff anticipate the Commission will vote to eliminate formal Phase II Reviews at the August 15 meeting to become effective September 15, 2003

230-40-803: Currently, house-banked card rooms open with \$25 betting limits. After six months of operation, betting limits may be increased to \$100 if the operator successfully passes a Phase II Review by staff and is formally approved by the Commission. Phase II Reviews no longer serve a regulatory purpose and eliminating this formal review would streamline agency processes.

230-40-120: Housekeeping to remove reference to Phase II.

Staffed Surveillance Rooms

230-40-825: This rule allows card rooms with five or fewer tables, offering \$25 betting limits (Phase I) to operate without a staffed surveillance room. If the formal Phase II Review is eliminated, all card rooms will be able to offer \$100 betting limits. Therefore, the exception to operate without a staffed surveillance room will be removed and all house-banked card rooms will be required to have staffed surveillance rooms.

Proposed Changes to Promotions Rules Discussed at the June Study Session

These rules are posted on our website with the June 12, 2003, Study Session Agenda.

These changes streamline the requirements for offering a promotion in conjunction with a gambling activity.

Amendatory Sections

230-12-045: Promotions for gambling activities. Housekeeping changes for clarification.

230-12-050 Allows licensees to transport players to and from gambling activities.

230-20-050 Clarifies that charitable/nonprofit gambling proceeds may not be used for a specific person unless prior approval is received from the Commission.

230-20-242 Removes bingo promotions from this rule because they are covered under the current promotions rule (230-12-045).

230-40-055 Clarifies that Customer Appreciation Tournaments for house-banked card games must follow the same pre-tournament requirements as other card games. No more than ten hours of pre-tournament play can be required to qualify for a tournament. *A licensee requested tournament entry fees be raised at the June Study Session. We anticipate further discussion at the August meeting.*

Repealed Sections

230-20-052: Removes restrictions on transporting bingo players to games.

230-20-190: Free bingo cards are now regulated under WAC 230-12-045.

Petition for Rule Change Filed at the June Commission Meeting

Dwight Bailey, Spokane Pull-Tab and Bingo Supply, submitted a Petition for Rule Change, which was filed at the June meeting. Spokane Pull-Tab and Bingo Supply is a licensed gambling distributor.

Mr. Bailey is requesting the licensure of persons that sell merchandise to pull-tab operators when it will be used as a pull-tab prize. Under current rules, if a person sells merchandise *along with pull-tab games*, they must have a gambling distributor license.

The Petition will be discussed further at the August 15, 2003, Commission meeting. For more information, visit our website at [wsgc.wa.gov/PublicMeetings/June 13, 2003](http://wsgc.wa.gov/PublicMeetings/June13,2003), Commission agenda.

All About Rules on the Website

Check out our *All About Rules* page on the agency website. In addition to gambling rules and laws, this page contains information about the agency's rule making process, such as:

- What rules are currently under review for possible amendment;
- How to Petition the Commission for a Rule Change;
- An index of rules and laws that have been amended since your September 2001 Rules Manual was published;
- Dates and locations of public hearings where rule changes will be discussed;
- Explanations of proposed rule changes;
- And much more.



If you would like to comment on any proposed rule change, please submit your comments in writing to: Susan Arland, Rules Coordinator, P.O. Box 42400, Olympia, WA 98504, or e-mail Susana@wsgc.wa.gov

Administrative Case Update

By: Robin Brown, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Bingo Magic 2000, Irving, Texas	Undisclosed/unauthorized change of ownership, use of an unlicensed manufacturer, and failure to notify Commission that a minority shareholder owned 11,000 electronic daubers without obtaining a distributor's license.	The licensee agreed to a forty-five day suspension. Thirty days were deferred for one year. The remaining fifteen days were vacated by payment of a \$103,656 fine, and reimbursement of the Commission's costs of \$4,334.
Midwest Gaming Supply, Co., Kearney, Missouri	Selling gambling equipment from an unlicensed manufacturer, and acting as a distributor without the required distributor's license.	Upon further review, the Director dismissed the charges and a warning letter was issued.
Gaming Consultants, Inc., Renton	Allowing an employee to perform the duties of a service supplier, without first obtaining the required service supplier license.	The licensee agreed to a two-day suspension. One day was deferred for one year. The remaining day was vacated by payment of a \$2,500 fine, and reimbursement of the Commission's costs of \$930.
Italo's, Shoreline	Allowing an employee to perform gambling-related activities without first obtaining the required Card Room Employee (CRE) license.	The business is currently closed for remodeling. However, the licensee agreed to a two-day suspension. One day was deferred for one year. The remaining day was vacated by payment of a \$750 fine, and reimbursement of the Commission's costs of \$1,312.
Tower Inn, Tacoma	Permitting a CRE to conduct gambling activities prior to expiration of the required waiting period.	The licensee agreed to a two-day suspension. One day was deferred for one year. The remaining day was vacated by payment of a \$2,000 fine, and reimbursement of the Commission's costs of \$525.
Imagineering Systems, Inc., Las Vegas, Nevada	Failure to disclose loans, failure to submit required documentation, and failure to disclose a substantial interest holder.	The licensee agreed to a ten-day suspension. Three days were deferred for one year. The remaining seven days were vacated by payment of a \$1,602 fine, and reimbursement of the Commission's costs of \$6,636.
Player's Casino Sports Club & Grill, Federal Way	Failure to disclose loans.	The licensee agreed to a three-day suspension. One day was deferred for one year. The remaining two days were vacated by payment of a \$8,561 fine, and reimbursement of the Commission's costs of \$1,013.
Last Frontier, La Center	Failure to disclose loans and leases.	The licensee agreed to a three-day suspension. One day was deferred for one year. The remaining two days were vacated by payment of a \$21,717 fine, and reimbursement of the Commission's costs of \$937.
The Market, Pasco	Operating Commercial Amusement Games without a license.	The licensee agreed to a ten-day suspension. Five days were deferred for one year. The licensee chose to serve the remaining five days, from April 20, 2003, through April 25, 2003. The licensee also agreed to pay back license fees of \$66.50, and reimburse the Commission for its costs of \$413.
Total Service, Edgewood	Placing Commercial Amusement Games in an unlicensed premises.	The licensee agreed to a ten-day suspension. Five days were deferred for one year. The remaining five days were vacated by payment of a \$4,755 fine, and reimbursement of the Commission's costs of \$338.
Sno-King Amateur Hockey Association, Kirkland	Failure to meet adjusted cash flow requirements for four consecutive quarters.	The licensee agreed to surrender its class "L" bingo license and was issued a lower, class "K" license effective June 2, 2003.

Administrative Case Update		
Name	Violation	Case Outcome
Sugarloaf Creations, Boulder, Colorado	Placing Commercial Amusement Games in an unlicensed premises, and violation of a previous Agreed Order.	The licensee served three days of a previous deferred suspension due to its violation of its Agreed Order. In addition, the licensee agreed to a thirty-day suspension on the underlying charges. Fifteen days were deferred for one year. The remaining fifteen days were vacated by payment of a \$6,820 fine, and reimbursement of the Commission's costs of \$975.
Clifford's Bistro & Bar, Sumner	Operating with an expired license.	The licensee agreed to a fifteen-day suspension. Ten days were deferred for one year. The remaining five days were vacated by payment of a \$341 fine, payment of its back license fees of \$470, and reimbursement of the Commission's costs of \$862.
Club Bar & Café, Cashmere	Failure to upgrade license class, and operating with an expired license.	The licensee agreed to a fifteen-day suspension. Five days were deferred for one year. The remaining ten days were vacated by payment of a \$1,306 fine, payment of its back license fees of \$1,778, and reimbursement of the Commission's costs of \$800.
Shriners/Afifi Temple, Tacoma	Operating with a negative cash flow for two quarters in a four-quarter period.	The Shriner's license was summarily suspended. The licensee requested a Stay Hearing, after which the Administrative Law Judge (ALJ) granted the licensee's request for a stay. However, the licensee had allowed its license to expire, and did not renew. An administrative hearing was held, and the ALJ ordered the license revoked. No appeal was filed; therefore, the ALJ's order became final.
American Legion Post #209, Moses Lake	Operating gambling activities without a nonprofit gambling manager, and violation of a previous Agreed Order.	The licensee served one day of a deferred suspension for its violation of a previous Agreed Order. The licensee agreed to settle the underlying charges with a fifteen-day suspension. Five days were deferred for one year. The remaining ten days were vacated by payment of a \$875.25 fine.
Fraternal Order of Eagles #195, Snohomish	Intentional alteration of actual cash on its monthly income summaries, submission of inaccurate Quarterly Activity Reports and failure to retain pull-tab games for the required period of time.	The licensee agreed to a fifteen-day suspension. Five days were deferred for one year. The remaining ten days were vacated by payment of a \$1,702.70 fine. The licensee also agreed to pay for the costs of a follow up inspection, which will be conducted before November 1, 2003.
Christopher Meaney Applicant, Goldies Shoreline Casino, Shoreline	Criminal history, and failure to fully disclose that history.	A hearing was held, and the ALJ ordered the application denied. No appeal was filed; therefore, the ALJ's order became final.
Byron Desautel Applicant, Silver Dollar Casino, Tukwila	Denial due to the 2001 revocation of the applicant's previous CRE license.	A hearing was held and the ALJ ordered the application denied. The applicant filed an appeal, which was heard at the March Commission meeting. At that meeting the Commissioners upheld the ALJ's ruling. No further appeal was filed.
David Yamashita CRE, formerly employed at Silver Dollar, Tukwila	Cheating	A hearing was held and the ALJ ordered the revocation of the licensee. The licensee filed an appeal, which was heard by the Commission at their March Commission Meeting. The Commission overturned the ALJ's ruling, and instead ordered a six-month suspension of the license. No further appeal was filed.
Jeremiah Jenkins, CRE, Cleopatra's Wild Grizzly Casino, Longview	Failure to follow internal control procedures.	The licensee agreed to a seven-day suspension of his license, which was served from February 7, 2003, through February 14, 2003.

AMENDATORY SECTION

Administrative Order #419 Effective 06/30/03

WAC 230-20-059 Minimum cash flow requirements for bingo games--Contributions to stated purpose--Sanctions. Bingo shall be conducted only as a social pastime or for fund-raising to support the stated purpose(s) of a charitable or nonprofit organization. Organizations licensed to conduct bingo games shall comply with the following procedures and limitations:

Contributions.

(1) To ensure that organizations licensed to conduct bingo games meet the intent of RCW 9.46.010 and provide funds adequate to promote charitable and nonprofit programs, such organizations shall not allow their bingo operation to award prizes or pay expenses to conduct bingo games that are excessive and all capital expenditures for the bingo operation that exceed six thousand dollars shall be specifically approved by the governing board.

An organization licensed to conduct bingo games shall ensure that the adjusted cash flow from the bingo operation available for its charitable and nonprofit programs is at least the following amount during each calendar quarter:

(a) For gross receipts above \$375,000 up to \$625,000 - 3% of gross receipts over \$375,000;

(b) For gross receipts above \$625,000 up to \$875,000 - \$7,500 plus 4% of gross receipts over \$625,000;

(c) For gross receipts above \$875,000 up to \$1,125,000 - \$17,500 plus 5% of gross receipts over \$875,000; and

(d) For gross receipts above \$1,125,000 - \$30,000 plus 6% of gross receipts over \$1,125,000.

Failure to meet the requirements of this subsection for any single calendar quarter shall not result in sanctions against the licensee.

Definitions.

(2) The following definitions shall apply to this section:

(a) "Gross receipts" shall mean the combined gross gambling receipts from bingo, pull-tab and punch board activities.

(b) "Adjusted cash flow from the bingo operation" shall mean the combined gross income of the bingo operation less all prizes and expenses, whether paid or accrued. For the purposes of computing expenses, depreciation or amortization, shall not be considered an expense of the bingo operation.

(c) "Bingo operation" shall mean bingo games and all associated activities conducted in conjunction with

bingo games at the same location including punch boards, pull-tabs, ((raffles,)) snack bar, retail sales activities ((and)), rental of the bingo premises and drawings authorized under WAC 230-20-242.

Sanctions for failing to maintain a positive adjusted cash flow.

(3) If a bingo licensee does not maintain a positive adjusted cash flow from the bingo operation during any two consecutive calendar quarters measured independently, it shall be deemed to be operating primarily for gambling purposes. In this event, the director shall summarily suspend the organization's bingo license.

Sanctions for failing to meet adjusted cash flow requirements.

(4)(a) If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any two consecutive calendar quarters, the licensee shall:

(i) Develop a plan to gain compliance;

(ii) Take immediate steps to reduce expenses and prizes paid and to increase income from all activities conducted in conjunction with the bingo game; and

(iii) Report the plan and action taken to commission staff no later than sixty days after the end of the period. Such report shall be in writing and signed by the president or chief operating officer.

(b) If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any four consecutive calendar quarters, administrative action shall be taken to revoke the organization's bingo license(~~:(--Provided, That adjusted cash flow requirements shall be adjusted for any variance granted under subsection (5) of this section.~~).

Petitions for variance.

~~(5) A bingo licensee may petition the commission for a variance in the following circumstances:~~

~~(a) A licensee who fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any four consecutive calendar quarters, but is within ten percent of those requirements, may petition the commission for a one-time variance based on their plans to gain compliance over the next four quarters.~~

~~(b) A licensee with long-term, legally binding financial obligations for its bingo facility as of the effective date of this rule, may petition the commission for a variance for a period of no more than two years based on their plans to gain compliance within the two years. This variance shall be in the form of a reduction to the dollar amount of adjusted cash flow required by subsection (1) of this section).~~

AMENDATORY SECTION

Administrative Order #420

Effective 07/01/03

WAC 230-12-305 Licensee required to submit

updated documents or information. In addition to any other requirements set forth in these rules, ~~((the))~~ persons licensed by the commission shall ~~((be required to))~~ submit any ~~((changes in the following))~~ new or updated documents or information ~~((on file with the commission))~~ including, but not limited to, the following:

(1) Articles of incorporation or by laws, or any other documents which set out the organizational structure and purposes;

(2) Internal Revenue Service tax exemption status (charitable/nonprofit organizations only);

(3) All ~~((leases, rental, consignment, franchise, or other))~~ contracts and agreements ~~((relating))~~, whether oral or written which relate to gambling activities or ~~((altering the commercial stimulant business, whether oral or written))~~ alter the organizational structure of the licensee or its business activities in Washington state; and

(4) All cash or asset contributions, draws from lines of credit, and loans, from other than recognized financial institutions, which individually or collectively exceed a total of ~~(((\$2,000.00))~~ ten thousand dollars during any calendar year; Provided, That cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

Submission timeline.

(5) The new or updated documents and/or information shall be submitted to the commission by notation on the next quarterly activity report filed, and by attaching all details concerning each transaction: Provided, That licensees not required to submit quarterly activity reports shall submit the required information no later than ~~((60))~~ sixty days following the transaction(s) date.

AMENDATORY SECTION

Administrative Order #421
Effective 07/01/03

WAC 230-12-315 Request for review services

~~((related to gambling activities))--Fees.~~ Any person ~~((requesting commission staff review, inspection, and/or evaluation of))~~ submitting equipment, paraphernalia, services, or schemes ~~((related to licensed gambling activities shall reimburse the commission the cost to conduct such. If the requestor is currently licensed or has applied for a license, there will be no assessment of cost for the first two hours of service: Provided, That this two-hour exemption does not apply to any review conducted as part of a prelicensing investigation))~~ for review, inspection, and/or evaluation by commission staff shall reimburse the commission the cost of services performed. A deposit of the estimated cost may be required prior to performance of such service. If a deposit is required, it shall be received by the commission prior to the performance of any substantial work on the request.

NEW SECTION

Administrative Order #421
Effective 07/01/03

WAC 230-12-316 Electronic or mechanical equipment review.

A licensee must submit electronic or mechanical gambling equipment to the director for review to verify compliance with chapter 9.46 RCW and Title 230 WAC prior to the sale, lease or operation of such equipment. The equipment shall meet technical standards for compliance, accuracy, security and integrity. Persons not licensed by the commission may also request equipment review to verify compliance with state laws and rules.

(1) Manufacturers may be required to submit electronic or mechanical gambling equipment for review.

(a) To allow for continued testing and training, any equipment that is submitted for review under this section may be kept by the director for as long as the equipment remains out for play in the state of Washington.

(b) The gambling commission and staff are not liable for any damage to equipment while in their possession.

(2) Fees for review shall be as set forth in WAC 230-12-315.

(3) Equipment operated in Washington state must be identical to the version reviewed by the director.

(4) Equipment in operation on July 1, 2003, may continue in operation pending review by the director.

(5) If the person submitting such equipment does not agree with the director's decision, a petition for declaratory order may be filed with the commission to be heard de novo by an administrative law judge designated by the commission, pursuant to RCW 34.05.240 and WAC 230-50-850.

AMENDATORY SECTION

Administrative Order #421

Effective 07/01/03

WAC 230-02-412 Gambling equipment defined.

For purposes of this title, gambling equipment means any device, gambling related software, expendable supply or any other paraphernalia used in conjunction with or to facilitate gambling. Gambling equipment includes, but is not limited to:

- (1) Amusement games;
- (2) Punch boards and pull-tabs;
- (3) Devices for dispensing pull-tabs;
- (4) Electronic devices for conducting, facilitating or accounting for the results of gambling activities, including, but not limited to:
 - (a) Components of a tribal lottery system;
 - (b) Electronic devices for reading and displaying outcomes of ~~((pull tabs defined by WAC 230-02-260))~~ gambling activities; and
 - (c) Accounting systems that are a part of, or directly connected to, a gaming system including, but not limited to:
 - (i) Bet totalizers; ~~((and))~~
 - (ii) Progressive jackpot meters; or
 - (iii) Keno systems;
- (5) Bingo equipment, as defined in WAC 230-02-250;
- (6) Equipment or machinery utilized for the manufacture of gambling equipment when such equipment is designed primarily for such purpose;
- (7) Devices and supplies used to conduct card games, fund-raising events, recreational gaming activities, or Class III gaming activities, as defined in the Indian Gaming Regulatory Act at U.S.C. 25 chapter 29 § 2703 and in Tribal-State compacts, including, but not limited to:
 - (a) Gaming chips;
 - (b) Cards;
 - (c) Dice;
 - (d) Card shuffling devices;
 - (e) Graphical game layouts for table games;
 - (f) Ace finders or ~~((no-peek))~~ no-peek devices;
 - (g) Roulette wheels; ~~((and))~~
 - (h) Keno equipment; and
 - (i) Tables manufactured exclusively for gaming purposes.

AMENDATORY SECTION

Administrative Order #421

Effective 07/01/03

WAC 230-04-110 Licensing of manufacturers. ~~((Except as authorized by WAC 230-04-115,))~~ A license must be obtained from the commission prior to manufacturing, selling, or supplying gambling equipment to any person(s) within this state, or for use within this state: Provided, That amusement game manufacturers and manufacturers operating under a special sales permit (WAC 230-04-115) do not require a manufacturer's license. The following requirements apply to certification and licensing of manufacturers:

Information required on an application.

(1) The following information shall be submitted on an application form supplied by the commission:

- (a) The full name and address of the applicant;
- (b) The full name and address of each location where such devices are manufactured or stored;
- (c) The name, home address, and share of ownership of all owners of the manufacturing business if the business is not a corporation. If the business is a corporation, the name, address, and share of ownership of the officers, the directors, and substantial interest holders;
- (d) A full description of each separate type of gambling equipment or device that an applicant seeks to manufacture or to market in this state;
- (e) The brand name under which each type of gambling device or equipment is sold;
- (f) If the applicant is incorporated under laws other than the laws of Washington state, then the full name and business and home address of the resident agent designated by the applicant pursuant to WAC 230-12-300; and
- (g) A list of all distributors receiving gambling equipment and all businesses or organizations located within the state of Washington in which the applicant has any financial interest and the details of that financial interest. For the purpose of this subsection, the term financial interest shall include all arrangements through which a person directly or indirectly receives any portion of the profits of the licensed manufacturer and indebtedness between the licensee and any other person, other than a regulated financial institution, in excess of five thousand dollars.

Information to be included with an application.

- (2) The following information shall be included as an attachment to the application form:
- (a) A list of all affiliated businesses or corporations in which the applicant, officers, directors, or substantial interest holders of the applicant, either directly or indirectly, own or control:
 - (i) As a sole proprietor;
 - (ii) As a partner;
 - (iii) More than fifty percent of the voting stock of a privately held or closed corporation; or

(iv) At least five percent of the voting stock of a publicly traded corporation.

(b) A list of all businesses or corporations licensed to conduct gambling activities or to supply gambling-related equipment, supplies, or services in which the applicant, officers, directors, or substantial interest holders of the applicant have any interest;

(c) A list of all jurisdictions in which the applicant or any of the officers, directors, or substantial interest holders of the applicant have been licensed regarding gambling related activities at any level during the preceding ten years;

(d) A statement regarding whether the applicant or officers, directors, or substantial interest holders have ever had a license for gambling-related activities denied, revoked, or suspended by any jurisdiction for a period longer than thirty days. All details of such must be provided as a part of the application; and

(e) A statement acknowledging that all records related to the ownership or operation of the business shall be made available for review at the time and place requested by commission staff.

Additional information may be required from applicant.

(3) The following records shall also be available for inspection by commission staff:

- (a) Personal financial records of all substantial interest holders;
- (b) All records related to the scope of activity, including sales of product, purchases of raw materials and parts, and any contracts, franchises, patent agreements, etc., related to sales or purchases; and
- (c) Records related to any financial or management control of or by customers and suppliers.

Applicant to demonstrate ability to comply with rules.

(4) An applicant must demonstrate the ability to comply with all manufacturing, quality control, and operational restrictions imposed on authorized gambling equipment, patented or otherwise restricted gaming schemes (also referred to as proprietary games), or equipment that it seeks to manufacture or market for use within the state of Washington. The licensing process shall include an on-site review of the applicant's manufacturing equipment and process for each separate type of authorized gambling device, equipment, or scheme to ensure capability to comply with all regulatory requirements of this title and state/tribal compacts;

Notifying commission staff of changes on an application.

(5) The applicant shall notify the commission within thirty days of any change in the information submitted on or with the application form, including changes that occur after the license has been issued; and

Applicant to comply with all laws and rules.

(6) The applicant shall comply with all applicable laws of the United States and the state of Washington and all applicable rules of this commission.

For Operational or Regulatory Questions, please call our field office closest to you.

Bellingham	(360) 738-6203	Spokane	(509) 329-3666
Everett	(425) 339-1728	Tacoma	(253) 471-5312
Kennewick	(509) 734-7412	Wenatchee	(509) 665-3300
Renton	(425) 277-7014	Yakima	(509) 575-2820
Headquarters – Lacey (800) 345-2529 (360) 486-3440 TDD: (360) 486-3637			
Division	Extension	Division	Extension
Administration	3447	Mandatory Training Schedule	3440
Administrative Charges/Hearings	3465	Media Questions	3466 or 3463
Commission Meeting Agenda	3447	Newsletter	3466
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Washington State Council on Problem Gambling
(800) 547-6133

Strategic Plan will Mean Faster Service (Continued from page 1)

performing only those processes which support its mission. The organization starts by gathering information from internal and external stakeholders and then defines its mission, vision and values, followed by developing supportive goals and projects to meet those goals. At the same time, existing processes are evaluated, and processes which aren't helpful in meeting its mission are eliminated. The Office of Financial Management requires all state agencies to incorporate strategic planning into their budgeting process.

Last October, we contacted many of you and asked what challenges and changes you thought we would find in the next 5-7 years. Several of our projects are a direct result of your input. We invite you to review our plan posted at wsgc.wa.gov and forward your comments by August 1, 2003, to Ms. Lingel at shannal@wsgc.wa.gov, or P.O. Box 42400, Olympia, WA 98504. You may also attend the August 14, 2003, Commission meeting at Heathman Lodge, 7801 NE Greenwood Drive, Vancouver, WA 98662, phone (360) 254-3100.

Washington State Gambling Commission

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